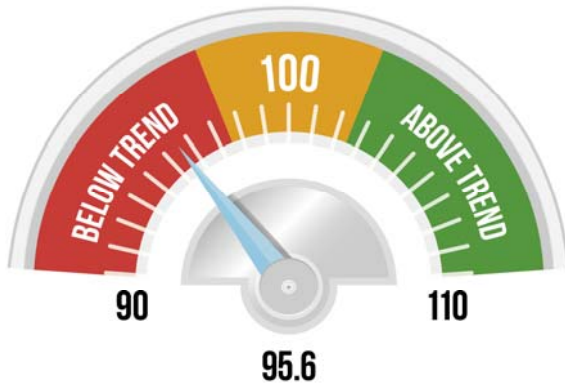


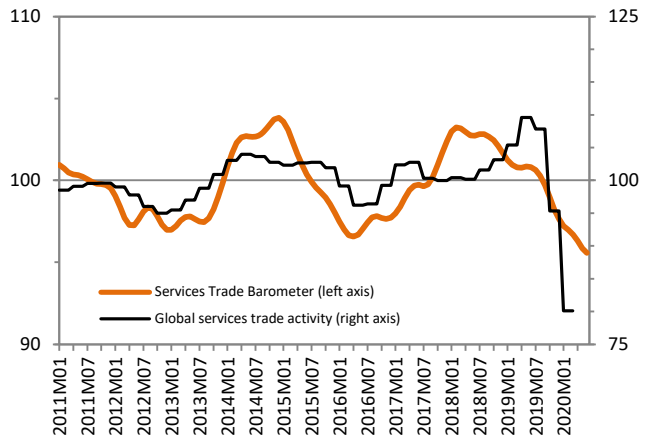
## Services barometer signals resilience in key sectors despite overall decline

### Services Trade Barometer

Index value, June 2020



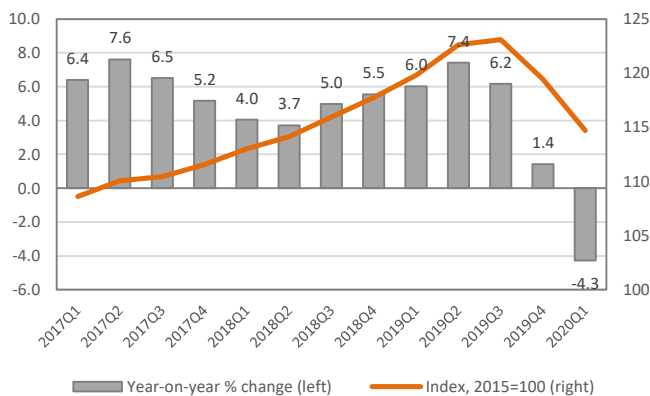
Index history, trend = 100



World services trade is likely to fall sharply in the second quarter of 2020 according to the WTO's Services Trade Barometer, with resilience in some service sectors counterbalancing precipitous declines in others, particularly air travel. Although the latest reading of 95.6 is the weakest on record and well below the baseline value of 100, it still exceeds recent trends in actual services trade activity, suggesting strong fundamentals and pointing to a possible early recovery.

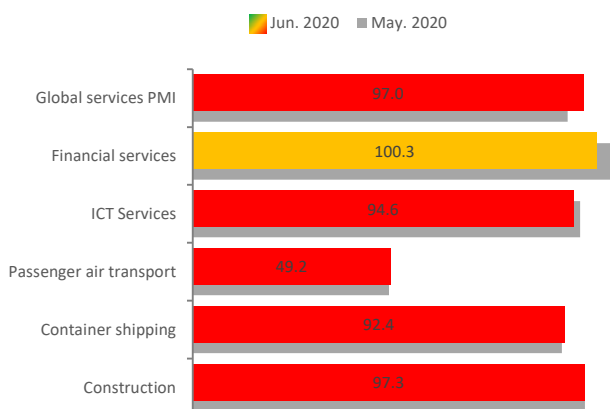
### Global services trade activity

Seasonally-adjusted index, 2005=100



The WTO services trade activity index provides an approximate measure of the volume of world services trade. The index recorded a year-on-year decline of 4.3% in the first quarter of 2020 following two consecutive quarters of weakening growth. This reflects a slowing pace of global economic activity as well as the early stages of the COVID-19 pandemic. The index is expected to remain below trend at least into the second quarter.

### Drivers of services trade

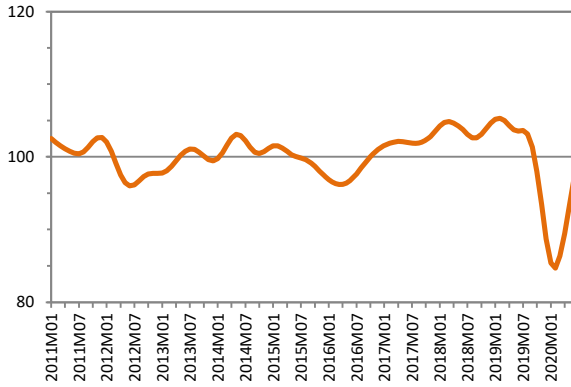


Most of the barometer's component indices remain below-trend but some appear to have bottomed out. This includes passenger air transport (49.2), which is the sector hardest hit by the Covid-19 pandemic. Container shipping (92.4), Construction (97.3), and the Global services PMI (97.0) also show signs of a turnaround. The PMI is noteworthy since it is the most forward looking component of the barometer. Meanwhile, the index for ICT services tumbled further to 94.6 despite robust demand for these services during the pandemic. The financial services index (100.3) was the sole component whose performance remained on trend.

## Component indices

### Global services Purchasing Managers' Index 97.0

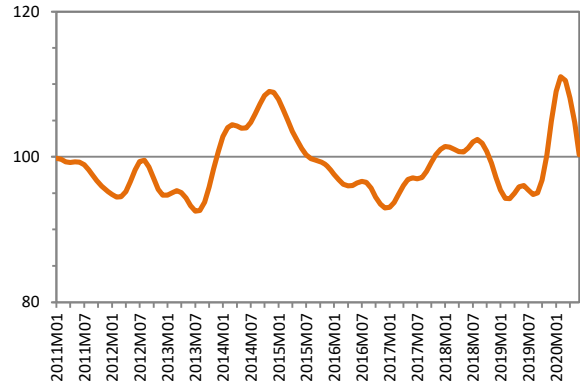
(Index, trend = 100)



Source: IHS-Markit.

### Global financial transactions 100.3

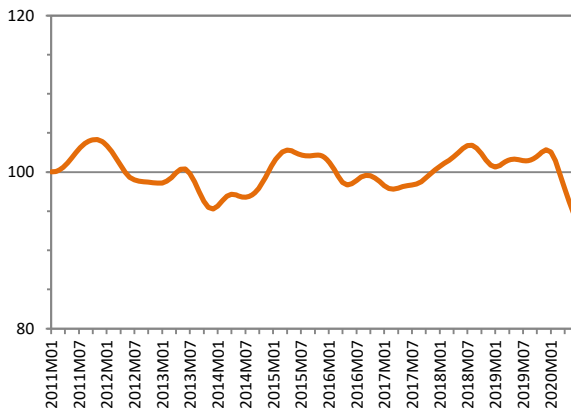
(Index, trend = 100)



Source: SWIFTNet.

### Information, computer and telecom services 94.6

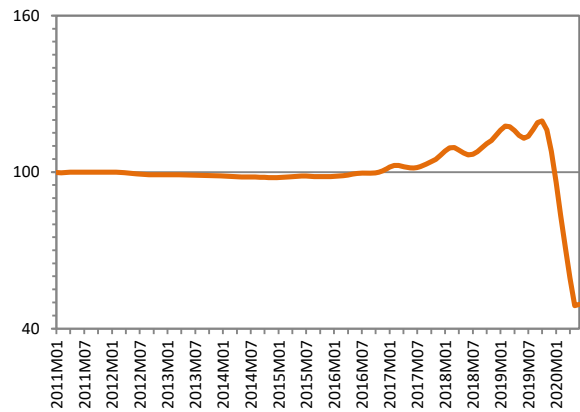
(Index, trend = 100)



Source: Federal Reserve Bank of San Francisco, Eurostat, China National Bureau of Statistics.

### Global revenue passenger kilometers (IATA) 49.2

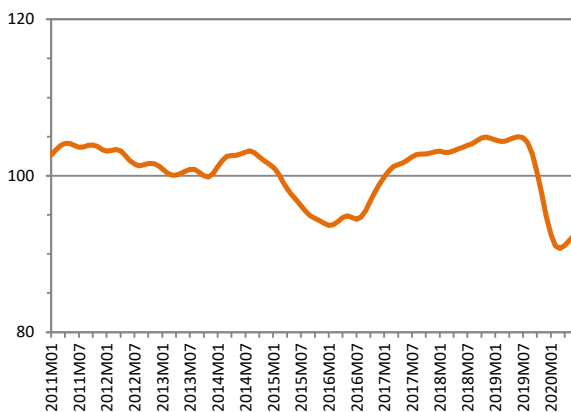
(Index, trend = 100)



Source: IATA.

### Container port throughput 92.4

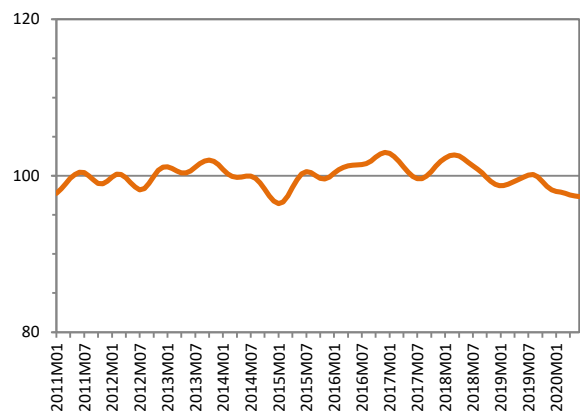
(Index, trend = 100)



Source: Institute for Shipping Economics and Logistics (ISL).

### Building permits in selected economies 97.3

(Index, trend = 100)



Sources: National statistics for France, Germany, Japan, the United States and China.

## Notes

### Notes:

- The Services Trade Barometer (STB) is a composite coincident indicator of world services trade activity, combining six component indices. The services trade activity is an approximate measure of the volume of world services trade calculated by adjusting nominal services trade statistics to account for changes in prices and exchange rates.
- Readings of 100 in the Services Trade Barometer indicate growth in line with medium-term trends; readings greater than 100 suggest above trend growth, while those below 100 indicate the opposite. The direction of change reflects momentum compared to the previous month.
- Component indices of the STB are derived from various sources and are seasonally-adjusted, smoothed, de-trended and amplitude adjusted by the WTO Secretariat. As a result, values differ from original data series. For more information on interpretation, see methodological note.

### Sources :



Data on air passengers (Industry-wide revenue passenger kilometers) courtesy of the International Air Transport Association (IATA). Further information and analysis available here:

IATA Economics: <https://www.iata.org/en/publications/economics/>

Monthly Analysis: <https://www.iata.org/en/publications/economics/?Search=&EconomicsL2=146&Ordering=DateDesc>

- Other sources: WTO Secretariat for commercial services trade activity data, IHS-Markit for Services PMI headline index, SWIFT for SWIFTNet FIN traffic data, China National Bureau of Statistics for volume of telecommunication services data and real estate building starts data, Eurostat for EU28 telecommunications production volume index and building permits index for Germany and France, US Bureau of Labor Statistics for tech industry employment, Federal Reserve Bank of St. Louis for US construction spending data, Statistics Bureau of Japan for building construction starts data and the Institute of Shipping Economics and Logistics for container throughput data.

Details on the methodology of the Services Trade Barometer are available on the WTO website at the following address:

[https://www.wto.org/english/news\\_e/news20\\_e/methodology\\_wtoi\\_sept20\\_e.pdf](https://www.wto.org/english/news_e/news20_e/methodology_wtoi_sept20_e.pdf)

Short-term WTO trade statistics (quarterly and monthly) can be obtained here:

[https://www.wto.org/english/res\\_e/statis\\_e/short\\_term\\_stats\\_e.htm](https://www.wto.org/english/res_e/statis_e/short_term_stats_e.htm)